



Division of Insurance  
124 S. Euclid Ave., 2nd Floor  
Pierre, SD 57501  
Tel: 605.773.3563  
Fax: 605.773.5369  
[dlr.sd.gov/insurance](http://dlr.sd.gov/insurance)

## **CAPTIVE INSURANCE COMPANY APPLICATION**

Part I - Captive Insurance Company Application for Admission

Part II - Economic Feasibility Study

Part III - Captive Strategic Plan (Five Year)

Part IV - Captive Insurance Company Biographical  
Affidavit



**CAPTIVE INSURANCE COMPANY APPLICATION FOR ADMISSION (Continued)**

6. Attach a Resolution of the Parent's Board of Directors, designating individual(s) to:
- a) Establish captive and vote the stock of the captive shareholders.
  - b) Negotiate a Letter of Credit, Repayment Agreement and/or Continuing Guaranty Agreement.

7. List the name, address, and percentage of ownership for each owner(s) of the captive. If more than one owner, describe the relationship(s) between them.

Name:	Address:	%Ownership	Relationship:
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8. Attach a copy of the most recent Financial Statements, each beneficial owner
9. If Letters of Credit are to be used, show name and address of bank and amount(s).
- | Bank Name : | Address: | Amount: |
|-------------|----------|---------|
|-------------|----------|---------|

**CAPTIVE INSURANCE COMPANY APPLICATION FOR ADMISSION (Continued)**

10. Name, address, telephone number, and email address of:

1. Lawyers:

Name:

Address:

City State Zip

Telephone:

Email:

2. CPA:

Name:

Address:

City State Zip

Telephone:

Email:

3. Captive Manager:

4. Actuary:

5. Risk Management Advisor:

6. Registered Resident Agent:

**CAPTIVE INSURANCE COMPANY APPLICATION FOR ADMISSION (Continued)**

11. Biographical information for Directors and Officers (List below and include a biographical affidavit for each. See part IV of application. **Attach additional pages as necessary.**)

Name

Position(s) with Captive

Employer and Position

Name

Position(s) with Captive

Employer and Position

Name

Position(s) with Captive

Employer and Position







**ECONOMIC FEASIBILITY STUDY (Continued)**

6. Display estimated gross premium income, net premium income after reinsurance ceded, expenses and taxes for the first five years of operation.

7. Please provide the following information and a brief discussion of any unusual or unique circumstances for each year presented in the accompanying pro formas:

a. The expected "leverage ratio" of the proposed captive.

b. Net Premium/Capital ratios:

**ECONOMIC FEASIBILITY STUDY (Continued)**

8. While it is realized that the forecast of losses is subject to the outcome of unknown future contingent events, the underlying assumptions regarding incurred losses must be reasonable within today's economic environment. Please provide a brief discussion of the assumptions used in regard to the following:
- a. Economic/inflationary adjustments

b. Expected number of claims

c. Allocated loss expense ratio

d. Unallocated loss expense ratio

**ECONOMIC FEASIBILITY STUDY (Continued)**

e. Policy regarding discounting or reserves

f. Method by which IBNR losses are treated.

9. Please provide a brief discussion and series of exhibits regarding the investment philosophy and cash flow position of the proposed captive. This discussion should include:

- a. Cash flow exhibits
- b. Interest rate assumptions
- c. Portfolio assumptions

**ECONOMIC FEASIBILITY STUDY (Continued)**

## 10. Pro-forma Balance Sheet:

- a. Assets
  - i. Cash
  - ii. Investments
  - iii. Real Property
  - iv. Other
- b. Liabilities
  - i. Loss Reserves
  - ii. Other
  - iii. Paid Capital
- c. Retained Earnings
- d. Tax Impacts
- e. Underwriting Profit/Loss
- f. Dividends (Paid or Declared)
- g. Capital and Surplus

**CAPTIVE**  
**STRATEGIC PLAN**  
**(FIVE YEAR)**

**A. GENERAL**

1. Give proposed name for captive insurance company. Include alternate name in the event the original choice cannot be registered.

Proposed Name:

Alternate Name:

2. What is the proposed date for commencement of business?
3. State ending date of financial reporting year (calendar/fiscal).
4. Give particulars of any business other than insurance or reinsurance underwriting which the captive proposes to conduct.

**B. ACCOUNTING AND FINANCIAL**

1. Indicate which of the following will be located in South Dakota:
  - a. General Ledger
  - b. General Journal
  - c. Subsidiary Ledgers (referred to in General Ledger)
  - d. Cash Book Receipts and Disbursements
  - e. Premium Registers
  - f. Loss Registers
  - g. Reinsurance Reports
  - h. Daily Reports of Claim Files
  - i. Copies of Policies
  - j. Copies of Reinsurance Treaties and Agreements

**CAPTIVE STRATEGIC PLAN**  
**(FIVE YEAR)**  
**(Continued)**

2. Will there be any guarantees? Yes      No      If so, please provide the anticipated amount as well as the names and addresses along with a copy of current financial statements of guarantors.

3. Give names and locations of all banks, which the captive proposes to use.



**CAPTIVE STRATEGIC PLAN****(FIVE YEAR)****(Continued)**

8. Describe any loans which the captive has made or contemplates making to any director, officer, shareholder or employee of the captive or any related or affiliated company and any investments in any related or affiliated company.

9. Describe the contingency plan in the event the captive becomes insolvent, if the parent or sponsor is taken over by another company, or if it is decided to voluntarily close down the captive operation.

**C. INSURANCE/REINSURANCE**

1. What lines of business are to be written by the captive?

**CAPTIVE STRATEGIC PLAN**  
**(FIVE YEAR)**  
**(Continued)**

2. Does the parent own or have an investment in other captives? Yes      No  
If yes, list name(s) and domicile(s).

Will the proposed South Dakota captive conduct any reinsurance business with this (these) captive(s)? Yes      No      If yes, describe fully.

**CAPTIVE STRATEGIC PLAN**  
**(FIVE YEAR)**  
**(Continued)**

3. Describe excess insurance or reinsurance arrangements above the captive's net retentions, up to policy limits. Separately describe excess of loss and aggregate stop loss requirements.
  - a. Will any portion of the limits above the net retention not be insured or reinsured? Yes      No
  - b. Provide the names and domiciles of insurance and reinsurance companies and respective brokers or intermediaries for the program.
  
4. Does the captive intend to assume reinsurance from unrelated sources?  
Yes      No      If so, describe the captive's procedures for underwriting these risks.
  
5. Who will prepare the Reinsurance Contract?
  
6. State the method by which business will be obtained. (i.e., by the captive's own employees, by brokers, by both.)

**CAPTIVE STRATEGIC PLAN****(FIVE YEAR)****(Continued)**

7. Does the captive intend to issue policies on a cash flow basis (paid loss) or retrospectively rated plan? Yes      No      If yes, provide the formula for the captive's retention, timing of payments, and timing of interim and final retrospective adjustments.
8. Attach a specimen copy of each policy form including all endorsements to be used for each line of coverage.
9. If the captive will be reinsuring a front (ceding) company, please provide the following information:
- a.            Name and domicile of the front company
  
  
  
  
  
  
  
  
  
  
  - b.            Net retention of the fronting company?
  
  
  
  
  
  
  
  
  
  
  - c.            Allocation factors for premiums to be retained by the front company and ceded to the captive.
  
  
  
  
  
  
  
  
  
  
  - d.            Indicate the fronting fee in dollars and as percent of gross primary premium.

**CAPTIVE STRATEGIC PLAN**  
**(FIVE YEAR)**  
**(Concluded)**

10. Claims Administration:

a. Claims Administrator:

Name:

Address:

City

State

Zip

Telephone:

b. Describe claims management program and loss control or safety measures.

c. Who will develop claims statistical and accounting data, and how will it be used?

**CAPTIVE INSURANCE**  
**COMPANY BIOGRAPHICAL**  
**AFFIDAVIT**

Name of Captive Insurance Company:

Captive Status (Select One):

Application Pending

Existing Licensee

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To the Insurance Commissioner, South Dakota:

In connection with the above named company, I herewith make representation and disclosures about myself.

Attach a separate sheet if necessary.

If answer is "NONE" or "NO EXCEPTIONS" so state; do not use "N/A".

1. Affiant's Full Name:

Social Security Number:

If not available, then complete the following:

Passport Number:

Country of Issue:

Expiration Date:

2. Other names used at any time:

3. Date of Birth:

Place of Birth:

4. Education and Degrees:

High School:

College:

Graduate or Professional:

(List all educational institutions and locations on additional sheet, if necessary).









**CAPTIVE INSURANCE**  
**COMPANY BIOGRAPHICAL**  
**AFFIDAVIT**  
**(Concluded)**

- 17. No insurer of which I was an officer, director, or key management person at the time or 12 months subsequent, has ever been denied or refused or voluntarily withdrawn its application for a license or certificate of authority, except as follows:

Dated and signed this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_.

I hereby certify under penalty as provided by law that the foregoing statements are true and correct to the best of my knowledge and belief.

\_\_\_\_\_

(Signature of Affiant)